

Provision	Section in ADA	Summary
q. Non-competition covenants during the term of the agreement	Section 6.4	No involvement in a similar business or with a business granting franchises for similar businesses; subject to applicable state law.
r. Non-competition covenants after the agreement is terminated or expires	Section 9	For 2 years after termination or expiration of the ADA you will not have any interest in a similar business with the Development Area or within 10 miles of any existing The Original Rainbow Cone Business except under a Franchise Agreement with us. For 2 years, you will not divert customers to competitive businesses or employ any of our or our affiliates' employees, subject to applicable state law.
s. Modification of the Agreement	Section 13.4	No modifications unless in writing and signed.
t. Integration/merger clause	Section 13.4	Only the terms of the ADA are binding (subject to state law). Any representations or promises outside of the disclosure document and may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, mandatory mediation before initiating an arbitration proceeding; subject to applicable state law.
v. Choice of forum	Section 12.4	Arbitration must be in the Chicago, Illinois metropolitan area. Litigation must be in any state court of general jurisdiction or a federal court in Illinois (subject to state law).
w. Choice of law	Section 12.4	Except for applicable federal law, Illinois law applies (subject to state law).

ITEM 18 **PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements

the information provided by this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

STATEMENT OF HISTORICAL RESULTS FOR 15 AFFILIATE-OWNED UNITS AND 2 FRANCHISED UNITS

Types and Numbers of Outlets

The data provided for this statement of historical results is based on the financial performance of 15 affiliate-owned and 2 franchised The Original Rainbow Cone businesses of the types listed below.

Affiliate Free Standing

- 3 affiliate-owned Free Standing The Original Rainbow Cone Businesses – for the period January 1, 2024 through December 29, 2024

1 affiliate-owned Free Standing The Original Rainbow Cone Businesses in operation as of December 29, 2024 was excluded from this statement since it did not have a full 13 period of operating history.

Affiliate Express

- 1 stand-alone seasonal Express
- 8 In-store Express units located within a Buona Beef Restaurant – for the period December 1, 2024 through December 29, 2024
- 1 In-store Express located within a Buona Beef Restaurant – for the period February 26, 2024 through February 23, 2025
- 1 seasonal outdoor Express associated with Buona Beef Restaurants but not located within the Restaurant - for the period December 1, 2024 through December 29, 2024

2 affiliate-owned The Original Rainbow Cone Express units in operation as of December 29, 2024 were excluded from the data presented in this statement since they had not been in operation for a full 13 periods as of the end of the fiscal year on December 29, 2024.

Affiliate Food Trucks

- 1 seasonally operated Food Trucks

Other existing The Original Rainbow Cone Food Trucks operated by our affiliate were excluded as they were only used for our affiliate's catering operations, which is outside the franchise offerings provided in this Franchise Disclosure Document.

Affiliate In-Line

No data is being presented for an In-line location. One In-line location was opened as of December 29, 2024; however, it had not been in operation for a full 13 periods as of that date.

Franchise In-Line

- 1 In-line unit

2 franchised The Original Rainbow Cone Express units in operation as of December 29, 2024 were excluded from the data presented in this statement since they had not been in operation for a full 13 periods as of the end

of the fiscal year on December 29, 2024.

Franchise Express

- I Express unit

There were no other existing franchised The Original Rainbow Cone Express units in operation as of December 29, 2024.

No data is being presented for a Franchised Free Standing unit or a Franchised Food Truck since there were none in operation as of December 29, 2024.

Definitions:

The terms used in the tables below are defined for purposes of this Item 19 statement of financial performance representation as follows:

- (1) “Gross Sales” are defined as the total revenue received from the sale of goods and services, whether by cash or by check or credit card, less sales tax.
- (2) “Food Cost” includes costs of food and beverage items.
- (3) “Packaging Cost” includes paper and plastic product expenses.
- (4) “Retail Cost” includes T-Shirts, hats, and bags.
- (5) “Gross Profit” is Gross Sales less Food, Packaging, and Retail Costs.
- (6) “Salaries and Wages” include wages paid to restaurant managers and crew. Salaried Manager wages range from \$50,000/year to \$65,000/year. Crew wages range from \$14.00/hour to \$23.00/hour.
- (7) “Employee Benefits” includes Payroll Taxes, Workers Compensation contributions, and Health, Dental, and Vision Insurance.
- (8) “Direct Operating Expenses” include in-store marketing, signage, uniforms, telephone, internet, permits, door and fire alarm monitoring, music, pest control, and miscellaneous expenses.
- (9) “Supplies & Chemicals” include supplies and chemicals used at the Restaurants.
- (10) “Utilities” includes electricity, gas, water and sewer, and garbage collection.
- (11) “General & Administrative” include bank charges, credit card fees, office supplies, postage, payroll service, team recruitment, liability insurance, and dues and subscriptions.
- (12) “Repairs & Maintenance” include repairs and maintenance expenses actually incurred.
- (13) “Sales Incentives” include commissions paid to third party delivery services, POS discounts related to the loyalty program, and POS discounts related to guest satisfaction/resolutions.
- (14) “Technology Fee” represents the \$75 per week technology fee that a Franchised Restaurant currently must pay us under the Franchise Agreement.
- (15) “Local Advertising” represents the minimum percentage of gross sales (2.0%) that a Franchised Restaurant must spend on local advertising expenses under the Franchise Agreement.

(16) “Brand Marketing Fund” represents the maximum percentage of gross sales (3.0%) that a Franchised Restaurant may be required to pay to the Brand Marketing Fund under the Franchise Agreement.

(17) “Royalty” represents the percentage of gross sales (6.0%) that a Franchised Restaurant would pay to us as a royalty under the Franchise Agreement.

(18) “Income” is Sales less the expenses listed above the Income line. Income as used herein is before deductions for Rent, Real Estate Taxes, Personal Property Taxes, Interest Costs, Depreciation and Amortization or Income Tax. The statements shown in the tables DO NOT include the following expense items, which must be calculated and included separately for every Restaurant:

- Actual Local Advertising, including promotional discounts done at the POS.
- Depreciation of property and equipment.
- Rent, interest or other financing cost for land, buildings, equipment and inventory.
- Initial franchise fee and organization costs.
- Any management fees.
- Income taxes and property taxes.
- Other Employee benefits, such as bonus incentives, meal discounts, other team member compensation.
- Other expenses, such as furniture and equipment, technology software and equipment, meeting expense, cash over/short, credit card chargebacks, armored car, and window washing services.

STATEMENT OF HISTORICAL RESULTS FOR
3 FREE STANDING AFFILIATE-OWNED UNITS

Free Standing Units

The first 3 affiliate-owned The Original Rainbow Cone units presented in this statement are free standing locations. You should only rely on the data presented for the first 3 affiliate-owned units if you are purchasing a Free Standing Franchise, and should not rely on the data presented for the first 3 affiliated-owned units if you are purchasing an In-Line Franchise, an Express Franchise or a Food Truck.

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FREE STANDING UNIT #1

The first location is the original business that was established in 1926 and has been in operation at the same location in the city of Chicago for 97 years. The statement below covers the fiscal year January 1, 2024 through December 29, 2024.

This unit does not have a drive through window.

The source of this information is the profit and loss statement of the affiliated company owning this unit prepared internally in the ordinary course of business. The profit and loss statements have not been audited.

AFFILIATE-OWNED FREE STANDING UNIT WITHOUT DRIVE THROUGH JANUARY 1, 2024 THROUGH DECEMBER 29, 2024

Unit #1	Actual Amount	Actual %
Gross Sales (1)	\$1,141,626	100.0%
Food Cost (2)	197,442	17.3%
Packaging Cost (3)	35,671	3.1%
Retail Cost (4)	424	0.0%
Gross Profit (5)	908,089	79.5%
Salaries & Wages (6)	275,551	24.1%
Employee Benefits (7)	36,548	3.2%
Direct Operating Expenses (8)	10,333	0.9%
Supplies & Chemicals (9)	6,408	0.6%
Utilities (10)	27,343	2.4%
General & Administrative (11)	47,818	4.2%
Repairs & Maintenance (12)	31,647	2.8%
Sales Incentives (13)	8,988	0.8%
Tech Fee (14)	3,900	0.3%
Local Advertising (15)	22,833	2.0%
Brand Marketing Fund (16)	34,249	3.0%
Royalty (17)	68,498	6.0%
Income (18)	333,974	29.3%

See Explanatory Notes below.

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FREE STANDING UNIT #2

The second free standing location opened in May 2021. It is located in a suburb of Chicago. The statement below covers the fiscal year January 1, 2024 through December 29, 2024.

This location has a drive through window.

The source of this information is the profit and loss statement of the affiliated company owning this unit prepared internally in the ordinary course of business. The profit and loss statements have not been audited.

AFFILIATE-OWNED FREE STANDING UNIT WITH DRIVE THROUGH JANUARY 1, 2024 THROUGH DECEMBER 29, 2024

Free Standing Affiliate-Owned Unit #2	Actual Amount	Actual %
Gross Sales (1)	\$1,218,727	100.0%
Food Cost (2)	200,648	16.5%
Packaging Cost (3)	39,670	3.3%
Retail Cost (4)	1,474	0.1%
Gross Profit (5)	976,935	80.2%
Salaries & Wages (6)	318,697	26.1%
Employee Benefits (7)	40,175	3.3%
Direct Operating Expenses (8)	15,275	1.3%
Supplies & Chemicals (9)	15,036	1.2%
Utilities (10)	54,052	4.4%
General & Administrative (11)	54,577	4.5%
Repairs & Maintenance (12)	42,907	3.5%
Sales Incentives (13)	10,953	0.9%
Tech Fee (14)	3,900	0.3%
Local Advertising (15)	24,375	2.0%
Brand Marketing Fund (16)	36,562	3.0%
Royalty (17)	73,124	6.0%
Income (18)	287,303	23.6%

See Explanatory Notes below.

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FREE STANDING UNIT #3

The third free standing location opened in May 2023. It is located in a suburb of Chicago. The statement below covers the fiscal year January 1, 2024 through December 29, 2024.

This location has a drive through window.

The source of this information is the profit and loss statement of the affiliated company owning this unit prepared internally in the ordinary course of business. The profit and loss statements have not been audited.

AFFILIATE-OWNED FREE STANDING UNIT WITH DRIVE THROUGH JANUARY 1, 2024 THROUGH DECEMBER 29, 2024

Free Standing Affiliate-Owned Unit #3	Actual Amount	Actual %
Gross Sales (1)	\$1,584,348	100.0%
Food Cost (2)	275,350	17.4%
Packaging Cost (3)	53,096	3.4%
Retail Cost (4)	595	0.0%
Gross Profit (5)	1,255,307	79.2%
Salaries & Wages (6)	368,973	23.3%
Employee Benefits (7)	45,220	2.9%
Direct Operating Expenses (8)	10,684	0.7%
Supplies & Chemicals (9)	13,397	0.8%
Utilities (10)	39,404	2.5%
General & Administrative (11)	61,491	3.9%
Repairs & Maintenance (12)	32,394	2.0%
Sales Incentives (13)	11,115	0.7%
Tech Fee (14)	3,900	0.2%
Local Advertising (15)	31,687	2.0%
Brand Marketing Fund (16)	47,530	3.0%
Royalty (17)	95,061	6.0%
Income (18)	494,451	31.2%

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STATEMENT OF HISTORICAL RESULTS FOR
AFFILIATE-OWNED EXPRESSS UNIT

EXPRESS UNIT #1 – Stand Alone Seasonal Express

The data below for Express Unit #1 is a stand-alone Express located in a tourist/entertainment venue in Chicago with a more limited menu. This location was first established in 2016. This location has always been seasonal and not open during the winter months. The statement covers the fiscal year January 1, 2024 through December 29, 2024; however, the Express was only open from May 2024 to September 2024 during that period.

The source of this information was the profit and loss statements of the affiliated company owning this unit prepared internally in the ordinary course of business. The profit and loss statements have not been audited.

SEASONAL STAND ALONE EXPRESS IN CAPTIVE LOCATION
JANUARY 1, 2024 THROUGH DECEMBER 29, 2024 (SEASONAL)

Stand Alone Seasonal Kiosk	Actual Amount	Actual %
Gross Sales (1)	\$486,078	100.0%
Food Cost (2)	53,335	11.0%
Packaging Cost (3)	6,658	1.4%
Retail Cost (4)	0	0.0%
Gross Profit (5)	426,085	87.7%
Salaries & Wages (6)	61,239	12.6%
Employee Benefits (7)	8,687	1.8%
Direct Operating Expenses (8)	2,443	0.5%
Supplies & Chemicals (9)	2,748	0.6%
Utilities (10)	61	0.0%
General & Administrative (11)	23,242	4.8%
Repairs & Maintenance (12)	54	0.0%
Sales Incentives (13)	14	0.0%
Tech Fee (14)	3,900	0.8%
Local Advertising (15)	9,722	2.0%
Brand Marketing Fund (16)	14,582	3.0%
Royalty (17)	29,165	6.0%
Income (18)	270,228	55.6%

See Explanatory Notes below.

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EXPRESS UNITS #3 THROUGH #10 (NOT SEASONAL)

The Express units listed below are located inside a restaurant, specifically Buona Beef restaurants owned by one of our affiliates. This statement covers the period January 1, 2024 through December 29, 2024, except that the reporting period for Unit #10 is for the period February 26, 2024 through February 23, 2025.

Except for Unit #10, for the units shown below, the length of time the units have been in operation as of December 29, 2024 ranges from 17 years to 2 years. Unit #10 was in operation for a full 13 periods as of February 23, 2025.

Since these particular businesses operate as one unit within the Buona Beef restaurant from an accounting standpoint, we are only presenting Gross Sales information for these units. The source of the information is the unit's point-of-sale system which segregates sales for products and services offered by The Original Rainbow Cone portion of the business. This information has not been audited.

Express Units inside a Buona Beef Restaurant	Actual Gross Sales	Reporting Period
Express Unit #2	\$181,401	January 1, 2024 – December 29, 2024
Express Unit #3	\$412,541	January 1, 2024 – December 29, 2024
Express Unit #4	\$244,891	January 1, 2024 – December 29, 2024
Express Unit #5	\$135,515	January 1, 2024 – December 29, 2024
Express Unit #6	\$162,742	January 1, 2024 – December 29, 2024
Express Unit #7	\$168,864	January 1, 2024 – December 29, 2024
Express Unit #8	\$235,873	January 1, 2024 – December 29, 2024
Express Unit #9	\$213,032	January 1, 2024 – December 29, 2024
Express Unit #10	\$316,912	February 26, 2024 – February 23, 2025

2 Express Units located inside a Buona Beef Restaurant were not included in the above table since they had not been in operation for a full 13 periods as of December 29, 2024.

See Explanatory Notes below.

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EXPRESS UNITS #11 (SEASONAL)

Express units #11 is located next to Buona Beef restaurant owned by one of our affiliates. This statement covers the period January 1, 2024 through December 18, 2024. This seasonal unit was open from May 2024 to September 2024.

This unit opened in May 2022.

Since this particular business operates as one unit within the Buona Beef restaurant from an accounting standpoint, we are only presenting Gross Sales information for the units. The source of the information is the unit's point-of-sale system which segregates sales for products and services offered by The Original Rainbow Cone portion of the business. This information has not been audited.

Seasonal Outdoor Express Unit Next to a Buona Beef Restaurant	Actual Gross Sales
Kiosk Unit #11	\$108,551

See Explanatory Notes below.

STATEMENT OF HISTORICAL RESULTS FOR 1 AFFILIATE-OWNED FOOD TRUCKS

FOOD TRUCKS UNIT #1

The food truck included in the statement is stationery.

This statement covers the period January 1, 2024 through December 29, 2024; however, the Food Truck was in operation only from May 2024 to September 2024 during that period.

The Food Truck included in this statement opened in 2020.

The source of the data is the point-of-sale system within each Food Truck that records the sales for that Food Truck only. This information has not been audited.

Seasonal Food Truck	Actual Gross Sales
Food Truck #1	\$278,055

Other food trucks owned by our Affiliate were not included since they were only used for catering operations during the period January 1, 2024 through December 29, 2024.

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